

INTER-OFFICE COMMUNICATION

To: Yuki Nozoe, Ken Williams
From: William Hausch *Biel*
Date: 10/14/99
Subject: MPA Strategic Technology Committee Meeting

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OCT 15 1999

JARED JUSSIM
CULVER CITY

File Protection

DIGITAL STUDIOS
DIVISION

At the MPA STC Meeting on Tuesday, October 11 a discussion on Internet security raised some fundamental questions regarding the MPA's role in the emerging digital markets.

All member company representatives agreed that the MPA should be actively engaged in Internet piracy enforcement, public awareness and information gathering.

Member company representatives, however, were concerned about the MPA's role in developing Internet security solutions.

- Do the member companies want the MPA to lead the development of a common technology to protect the digital distribution of content?
- Do the member companies want to share their proprietary digital distribution business models with their competitors in order to define the requirements needed to do the development?
- Do the member companies want the MPA contacting technology companies, some of which the member companies may already have relationships with, to develop software/hardware?

The Committee agreed to ask these questions at their respective companies. Each will try to have a response by the next STC meeting on November 9th.

All felt that these business questions need to be answered before the MPA can proceed. If the business answer is that this should be a MPA role, then a legal review is required to insure that no antitrust laws are being violated. Only then should the MPA STC proceed.

The issue was raised by a Jack Valenti letter on Internet security strategy sent to the member company CEOs (or possibly the Washington representatives). An attachment to that letter called MPA Internet Strategy Outline (attached to this memo) stated that the MPA would lead the effort to develop a secure digital distribution technology (Section A1).

The other concerns raised by the committee were as follows:

- The letter was issued without the STC's knowledge or authorization.
- The Outline should have been developed by the Committee and not by Brad Hunt of the MPA.
- The letter and attachment had not gone through legal review prior to being issued.
- The third party companies named in section A1 are just examples and not a complete list of the potential contacts.
- No discussion has occurred regarding the MPA taking a lead role in developing technology.

Does SPE want the MPA to take a leadership role in developing Internet security solutions?

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cc: Hope Boonshaft
Paul Culberg
Don Eklund
Bob Hopkins
Lincoln Hu
George Joblove
Jared Jussim
Mitch Singer
Vicki Solmon

Attachment

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MPA INTERNET STRATEGY - OUTLINE
SEPTEMBER 28, 1999

- A. **TECHNICAL INITIATIVES.** The MPA will lead the effort to develop a robust industry standard for the encrypted digital transmission of content.
1. **Development of Secure Digital Distribution Technology.** The MPA will contact Microsoft, RealNetworks, Apple, InterTrust, Macromedia, IBM, and others to develop secure media player software technology to provide a foundation for secure media player software technology, as well as allied players such as AOL and the NFL.
 2. **Evaluation and Licensing of Content Protection and Copy Management Technology.** The MPA will guide member companies through the process of evaluating and licensing security technology, including 5C, 4C, watermarking, and Content Protection System Management.
- B. **ENFORCEMENT.** The MPA will refocus the anti-piracy program on Internet piracy and work on enforcement with other copyright industry groups, where possible and appropriate.
1. **Monitoring.** The MPA will investigate with IBM, Microsoft, Apple, and others the development of "Web Crawler" technology to search out Internet sites engaging in pirate activity and ISPs hosting such sites.
 2. **Investigations.** The MPA will accelerate the implementation of an Internet-specific investigation program to pursue Internet pirates. One such investigation has led to the FBI recently agreeing to undertake investigation of one of the leading Internet groups making pirate movies available for download.
 3. **Legal.** The MPA will use all legal remedies available, including DMCA notice and take-down provisions, to obtain a) interdiction of pirate activities on the Internet, b) where appropriate, criminal prosecution of major Internet pirate operations and c) if possible, application of civil remedies.

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4. **Legislation.** In US, the MPA will determine if and how current laws are proving inadequate to support enforcement against Internet piracy. Internationally, the MPA will support ratification of WIPO treaties offering remedies against copy protection circumvention and Internet piracy and identify those countries where local laws continue to be ineffective against Internet piracy.
5. **Non-Content Enforcement.** The MPA will review with member companies the role MPA should play, if any, regarding the unauthorized sale of studio properties on the Internet, such as scripts and merchandise.

C. COMMUNICATIONS.

1. **Public.** The MPA will continue to work with Grey Advertising to develop a plan to educate the public about the value of protecting copyright, recruiting other copyright industry groups to join in underwriting the effort.
2. **Studios.** MPA will communicate its activities in the Internet and digital arena regularly to member companies.

D. COMMERCIAL AGENDA.

1. **Statistics.** The MPA will strengthen relevant statistical gathering efforts, such as data on ISPs, populations of CD burners and CD ROM drives, etc.
2. **Develop Commercial Agenda.** The MPA will identify and tackle "commercial" issues pertaining to matters such as taxation, censorship, and market access on the Internet.

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